



DIVISION OF HEALTH CARE FINANCING

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Jim Doyle
Governor

Helene Nelson
Secretary

State of Wisconsin

Department of Health and Family Services

August 7, 2003

Dear Pharmacist:

The Legislature, as part of its 2003-2005 Biennial Budget, directs the Department of Health and Family Services (DHFS) to change reimbursement rates to pharmacies for prescription drugs.

The budget mandates that pharmacies be reimbursed at a rate of Average Wholesale Price (AWP) minus 12 percent in the first year of the biennium and AWP minus 13 percent in the second year of the biennium for Medicaid and BadgerCare. The same rate changes will apply to the Health Insurance Risk Sharing Program (HIRSP) and the Wisconsin Chronic Disease program for the same period of time.

Pharmacies are currently reimbursed at a rate based on either Maximum Allowed Cost (MAC) or discounted published average wholesale price. Drug reimbursement rates to which the discounted published AWP applies are currently determined by applying an eleven and one quarter (11.25) percent discount to the AWP as listed in the First DataBank Blue Book (AWP minus 11.25 percent). DHFS is modifying the state Medicaid plan effective for dates of service on or after August 15, 2003, to reflect the change to AWP minus 12 percent. The change to AWP minus 13 percent will be effective for dates of service on or after July 1, 2004.

SeniorCare reimbursement rates will also change. For drug reimbursement rates to which the discounted published AWP applies; SeniorCare will reimburse AWP minus 12 percent plus 5 percent for dates of service on or after August 15, 2003. A change to AWP minus 13 percent plus 5 percent will be effective for dates of service on or after July 1, 2004.

Thank you for continuing to serve the citizens of Wisconsin.

Sincerely,

Mark B. Moody
Administrator

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